

William (Bill) Lyons, Jr.
Secretary

NATIONAL DAIRY SITUATION AND OUTLOOK

Milk Production and Cow Numbers

Monthly: Compared to 2001, overall milk production across the U.S. was up 2.5% in July, led by New Mexico's 15.6% growth in milk production (on 38,000 more cows and 20 more pounds per cow). California's production was up 6.3% (on 58,000 more cows and 45 more pounds per cow). Among other western states, Arizona was up 0.4%, Idaho up 5.6%, and Washington up 0.4%. Three of the top ten states reported decreases: Minnesota -6.0%, Pennsylvania -1.7%, and Wisconsin -2.5%.

Quarterly: For the second quarter of 2002 compared to the second quarter of 2001, U.S. milk cow numbers rose slightly to 9.147 million, production per cow was up 2.6%; the net effect was a 3.0% increase in milk production to 44.0 billion pounds. USDA projects that for the third quarter of 2002 compared to the third quarter of 2001, U.S. milk cow numbers will increase to 9.145 million cows, production per cow will be up 2.6%; the net effect would be a 3.0% increase in milk production to 41.8 billion pounds.

Milk Prices

Comparing the second quarter of 2002 to the first quarter of 2002, U.S. average milk prices were down \$0.50/cwt. to \$12.00/cwt. USDA projects that for the third quarter of 2002, U.S. average milk prices will be down another \$0.75/cwt.; including a \$0.75/cwt.

Class 4b price decrease and a \$0.25/cwt. Class 4a price decrease.

Utility Cow Prices

Comparing the second quarter of 2002 to the first quarter of 2002, average U.S. utility cow prices were up \$1/cwt. to a national average of \$42/cwt. USDA projects that utility cow prices will be down \$1/cwt. in the third quarter of 2002.

Information from the USDA-NASS publication "*Milk Production*" and the USDA-ERS publication: "*Livestock, Dairy, and Poultry Outlook*."

PROPOSED BEEF COUNCIL FEE INCREASE VOTED DOWN

In a referendum recently conducted by CDFA, California cattle producers voted against a proposal to raise the California Beef Council assessment from \$1.00 to \$1.50 per head. Out of 1,971 votes cast, 1,277 producers, or 64.8%, voted no. The Beef Council Law requires a 60 percent yes vote for passage of any proposed assessment increase. CDFA distributed 3,037 ballots following a certification drive among producers.

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JULY MILK PRODUCTION

Milk production in California for July 2002 totaled 2.97 billion pounds, up 5.8 percent from July 2001. USDA's estimate for U.S. milk production for July 2002 in the 20 major dairy states is 12.3 billion pounds, up 2.3 percent from July 2001. Production per cow in the 20 major states averaged 1,580 pounds for July, which is 28 pounds above July 2001. ☀

MINIMUM CLASS PRICES

Statewide average hundredweight prices

Class	August	September
1	\$12.46	\$12.46
2	\$10.95	\$10.95
3	\$10.78	\$10.78
4a	\$ 9.95	----
4b	\$ 9.69	----

FEDERAL ORDER AND CALIFORNIA MINIMUM CLASS 1 PRICES

Average Hundredweight Prices

Regions	August	September
Phoenix, Arizona	\$12.83	\$12.81
Southern California	\$12.60	\$12.60
Portland, Oregon	\$12.38	\$12.36
Northern California	\$12.32	\$12.33
Boston (Northeast)	\$13.73	\$13.71

QUOTA TRANSFER SUMMARY

For August 2002, 11 dairy producers transferred 4,446 pounds of solids-not-fat (SNF) quota. August quota sales averaged \$520 per pound of SNF (without cows), an average ratio of 2.40. For September, 5 dairy producers transferred 2,466 pounds of SNF quota. September quota sales averaged \$500 per pound of SNF (without cows), an average ratio of 2.37.

ALFALFA UPDATE: AUGUST

Northern California: Throughout August, Premium and Supreme alfalfa was not well tested with moderate demand and light supplies. Fair to Good alfalfa was steady with moderate supplies as demand for dry cow hay increased. Retail and Stable hay demand was light to moderate with supplies moderate to heavy. Weather was quite favorable for growers with only a few days of overly hot weather. Producers are having a tough time keeping up with the heavy invasion of worms.

Southern California: Premium and Supreme alfalfa not tested. Fair and good alfalfa was steady with light to moderate demand and supplies adequate. Retail and Stable hay sales were steady with moderate supplies. Many producers are concentrating on filling their barns for winter take out. The weather was very favorable for hay production. ☀

SUPREME HAY PRICES

Statewide average prices per ton

Area	8/2	8/9	8/16	8/23
Petaluma	\$140-155	-----	-----	\$140-155
North Valley ¹	\$155-160	\$137-158	\$140-160	\$140-160
South Valley ²	\$140-156	\$150-155	\$150-160	\$160-165
Chino Valley	-----	-----	-----	-----

¹ North Valley is Escalon, Modesto and Turlock areas.

² South Valley is Tulare, Visalia and Hanford areas.

ALFALFA HAY SALES/DELIVERY

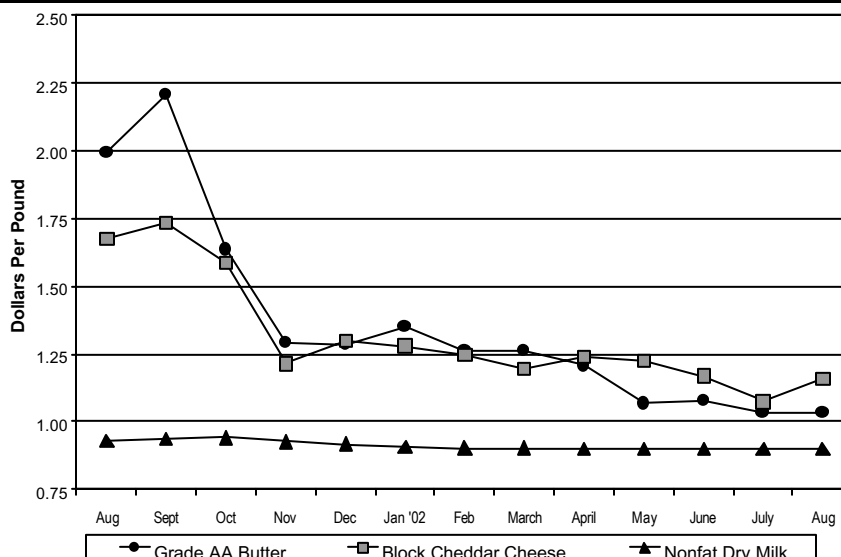
	July	August
Tons Sold ¹	346,789	223,191
Tons Delivered ²	138,745	87,407

¹ For current or future delivery.

² Contracted or current sales.

Alfalfa hay sales, deliveries and Supreme quality prices per ton, delivered to dairies, as reported by the USDA Market News Service, Moses Lake, WA, (509) 765-3611, <http://www.ams.usda.gov/marketnews.htm>

Grade AA Butter, Block Cheddar Cheese, and Nonfat Dry Milk Prices Used in the Calculation of California Milk Prices





CALIFORNIA DEPARTMENT OF FOOD & AGRICULTURE

August 2002

Federal Bovine TB Regulations Under Review

Public comment period

The USDA is soliciting comments on the current regulatory provisions of the domestic bovine tuberculosis eradication program until September 5, 2002. See **Rules on TB Status** on the opposite page for information on how to make your comments known.

Current Status

California has one dairy herd affected with bovine TB. More than 42,000 cattle in California have been tested for exposure to TB since this investigation began. To date, there is no evidence to suggest that infection has spread from this herd.

Cumulative Since May 13, 2002	
Herds tested	27
Herds retested	1
Number of herds positive and quarantined	1
Animals tested	42,330
Initial TB skin test responders	1151
Reactors	110
Suspects	86
Reactors & suspects eliminated	189
Traceouts eliminated	190
Exposed animals eliminated from quarantined herd	447
Average field personnel assigned on a daily basis	21

Background

In May 2002, bovine TB was confirmed in a Tulare County dairy herd. The CDFA, USDA and the industry established a task force and worked together with the herd owner and his veterinarian to control and eradicate the disease from the herd. The work is ongoing.

The California Department of Health Services and Tulare County Health Department representatives

addressed public health issues and coordinated TB testing for the dairy's employees.

What is California Doing to Eradicate the Disease?

- The affected herd is under state quarantine. The cattle are tested for TB at two-month intervals and those testing positive are removed from the herd
- Cattle are only allowed to leave the affected herd to be slaughtered at a USDA inspected facility where enhanced inspection is conducted to ensure they are not infected with TB
- All cattle sold from or associated with the affected herd over the last five years are being traced and tested
- Efforts to purchase and slaughter all cattle that left the affected herd are underway
- Calves from the affected herd are raised away from the adult cattle and are fed only pasteurized products
- Areas on the affected premises that may be contaminated with TB bacteria are cleaned and disinfected

As a precaution and to protect other states, all dairy breeding animals leaving California that are more than six months of age require a negative TB test within 30 days of movement.

At this time, this requirement does not apply to beef cattle.

Potential Impact for California's TB-free status

California's bovine TB-free status has not changed at this time. There are various status levels that can be assigned to a state under the USDA tuberculosis eradication program: accredited free, modified accredited advanced, modified accredited, accreditation preparatory or non-accredited.

For California to maintain its accredited-free TB status, the USDA currently requires that the affected herd be depopulated and that CDFA complete a full review showing that there is no evidence of TB spread in California. **This rule is under review. See**

Rules on TB Status Under Review below for more details.

If the state is unable to satisfy these requirements, California's status could be changed to a Modified Accredited Advanced status which would require all California breeding cattle to have official identification and a negative TB test within 60 days of interstate movement OR originate from a TB accredited-free herd (mandatory annual TB testing) OR move directly to slaughter.

If the USDA recommends a change in California's status, it may occur later this year or early next year.

Rules on TB Status Under Review

The USDA is currently reviewing federal regulations that are used to determine a state's TB status when TB is detected.

For CA to maintain its accredited-free TB status after it detects one herd with TB, current federal regulations require the state to conduct a full investigation, demonstrate that there is no evidence of TB spread in the state and to depopulate (slaughter) the entire herd.

On behalf of the CDFA, State Veterinarian, Richard E. Breitmeyer, submitted comments and recommendations to the USDA. An excerpt of those comments follows:

"We believe that the current rule, which bases this downgrade on an absolute number of affected herds without considering the actions that the state and livestock industries have taken to mitigate disease spread, is not scientifically valid. Depopulating herds without mitigating disease risk is inadequate, as recently demonstrated in Michigan where two previously depopulated and restocked herds were found re-infected with TB.

The goal of the National Tuberculosis Program is to prevent the spread of bovine TB. Therefore, the criteria for evaluating the state's status must evaluate the risk of disease transmission, and this is not simply equal to the absolute number of affected herds. A state containing a herd properly quarantined creates no greater risk of TB transmission than a state from which a similar herd was depopulated. The thoroughness of the disease investigation and the control measures instituted are of far greater importance than the absolute presence of one affected herd. Additionally, the logistics of depopulating and subsequent restocking such a large dairy herd must be considered.

Additional Costs to Cattle Industry

If the USDA reclassifies California's TB status, there will be a substantial impact on the livestock economy, which could last from five to ten years. A Modified Accredited Advanced status would mean that all breeding cattle would need a TB test to leave the state, all feeder heifers and steers be officially identified and that feeder heifers would need to move to approved feedlots if they were not TB tested. Cattle moving from Accredited Free Herds and cattle moving to slaughter would be exempt from the TB test requirement. The estimated cost of TB testing cattle in California is between \$7.50 and \$10.00 per animal.

Feeder beef cattle, including Holstein steers and baby bulls, would require official identification to move interstate. Official registered brands, widely used in California, are an approved form of premises identification on this class of cattle. Because California has a brucellosis vaccination mandate, most beef heifers currently bear official individual identification.

CDFA Recommendations

We recommend that USDA consider amending the current domestic TB rule (9CFR 77.7) to base downgrades of TB State status on the prevalence of TB and the risk of TB transmission. When a state has been Accredited Free for TB and subsequently detects a herd affected with TB, the case must be fully investigated and the risk of spreading infection must be mitigated. Mitigation may not require depopulation of the affected herd. We request that the rule be amended to include an evaluation of the state's response to TB and the disease control measures instituted by the state and the livestock industry before downgrading the state status. We request that recognized experts in the epidemiology of TB evaluate a state's response and determine the classification based on disease risk. Reviews must include the origin of the TB case, the type and location of the livestock operation, other exposed livestock, type of business activities, movement of animals, wildlife interactions, and assess the mitigation measures used to reduce the risk of disease spread from the herd."

How to Submit Comments to USDA

The USDA will accept comments through September 5, 2002. Cattle producers may submit written comments on the regulations to: Docket No. 02-021-1, Regulatory analysis and Development, PPD,

APHIS, Station 3C71, 4700 River road Unit118,
Riverdale, MD 20737-1238. Please state that your
comment refers to Docket No. 02-021-1 or email
comments to regulations@aphis.usda.gov

CDFA Animal Health Branch Offices

Sacramento (HQ)	916-654-1447
Modesto	209-491-9350
Ontario	909-947-4462
Redding	530-225-2140
Tulare	559-685-3500

www.cdfa.ca.gov

CDFA Milk and Dairy Foods Control Offices

Stockton	209-466-7186
Oakland	510-622-4810
Fresno	559-445-5506
Ontario	909-923-9929

United States Department of Agriculture
916-857-6170 or 877-741-3690

Enhancing Communication with Producers

The *Cattle Producer Update* is designed to offer current information for producers about California's on-going bovine TB investigation. For more comprehensive information, contact the CDFA Headquarters Office at (916) 654-1447, a CDFA field office or check our web page at www.cdfa.ca.gov.

California Alfalfa Hay Market Down from Last Year, but Summer Hay Selling Better Than in 1999 and 2000

by Seth Hoyt, California Agricultural Statistics Service

With 15 percent more alfalfa hay acres estimated for California, the one word that some thought would describe the summer 2002 alfalfa hay market would be "wreck." With the largest alfalfa hay acreage since 1973 and yield-per-acre forecast at 7.1 tons in 2002, compared to 5.8 tons in 1973, there was justification for a bearish market projection. But, surprisingly the alfalfa hay market in mid-August 2002 is much better than many thought it would be. For the week ending August 16, Fair quality alfalfa (dry cow hay) in California was selling at \$80.00-\$90.00, mostly \$80.00-\$85.00 per ton, fob, with a couple of areas at \$70.00-\$80.00. The same week in 2000, Fair quality alfalfa traded from \$65.00 to \$75.00 and in 1999 the market ranged from \$55.00-\$65.00, according to USDA Market News. (The 1999 market was

heavily influenced by huge carryover supplies of rain damaged alfalfa from the 1998 El Nino rains).



(Continued next page)

In trying to answer why the dry cow alfalfa hay market in the summer of 2002 hasn't fallen further, it seems to be a combination of several factors. It appears that a larger than normal amount of new alfalfa hay was planted in the spring of 2002, particularly in central California. In the first season, yields on spring-planted alfalfa hay would not be nearly as high as fall-planted hay. (This is one of the reasons why the early forecast for the 2002 alfalfa hay yield in California is down slightly from last year). Additionally, first cutting yields on fall planted alfalfa hay were down in some areas.

Two other factors that appear to be holding Fair quality alfalfa hay prices above the past two summers is larger dairy cow and heifer inventories and grower resistance to sell below \$80.00. The increase in dairy cow numbers in California the past two years has been significant. In the first six months of 2002 the growth continued at about 5,000 cows per month. On July 1, there were 1,650,000 dairy cows in California, up 185,000 head from July 1, 1999.

In spite of an estimated 15 percent increase in alfalfa hay acres in California, there does not appear to be a glut of alfalfa hay on the market. Whether that will change in the next 30-60 days remains to be seen. In most areas of the state, growers have held the bottom on Fair quality alfalfa at \$80.00 per ton, fob. If this were to continue the balance of the season, we would probably not have a wider price spread between the top and bottom of the market than in 1999 and 2000. According to USDA Market News, for the week ending August 9, 2002, the price spread between the top of Supreme and the bottom of Fair quality alfalfa hay in the Tracy-Patterson-Stockton area was \$60.00 per ton. This compares to a \$65.00 spread the same weeks in 1999 and 2000.

Looking at other reasons for the better than expected summer alfalfa hay market is improved demand from export buyers. The year-to-year decline in hay prices has brought export buyers back into the California alfalfa hay market. It's difficult to get a handle on volume of alfalfa hay sold for export compared to a year ago. According to Washington State University Cooperative Extension, baled hay exports from the west coast to Japan January thru June of 2002 were up 2 percent from the same period last year and 4 percent higher than the first half of 2000. Alfalfa hay trucked into California does not appear to be

much of a factor in the summer hay market, however the latest data available is through May. For January thru May 2002, alfalfa hay shipments from out-of-state are up 5 percent from the same period last year. Indications are pointing to reduced alfalfa hay shipments into California the second half of the year due to drought in many western states.

Another development is that there are dairy producers that have delayed their purchase of dry cow hay. With the substantial drop in milk prices in recent months and with 15 percent more alfalfa hay acres estimated for California, some dairies were waiting to purchase dry cow hay until the market weakened further. However, the summer alfalfa hay market has not dropped as much as some thought it would. Consequently, there are dairies that will need to purchase dry cow hay in the coming weeks. Due to smaller milk checks and escalating grain prices, will they have the money (particularly the smaller dairies) to purchase enough dry cow alfalfa hay to carry them through winter and early spring? According to California Department of Food and Agriculture's (CDFA's) Milk Pooling Branch, the overbase milk price in California dropped to \$9.90 cwt. in June, compared to \$14.76 in June of 2001. As a result, the dairy cow slaughter in California in July increased 22 percent above last year. If slaughter levels continue at a high rate this may slow dairy cow growth in California the second half of 2002. Sources indicate springer Holstein heifer prices in central California in early August had dropped around \$300 to \$400 per head from prices in April and May of this year.

Water supplies could impact alfalfa hay inventories the second half of 2002. While some areas in California seem to have sufficient water for irrigation, other areas are running into tighter supplies. Sources indicate that in some locations, growers may not have sufficient water to irrigate late season cuttings.

I have heard some industry speculation about 2003 alfalfa hay acres. It appears that quite a few cotton growers in central and north central California planted alfalfa hay in the spring of 2002. At spring planting time, with the U.S. Farm Bill still being debated and uncertainty of a possible payment limitation in the cotton loan program, cotton growers planted more alfalfa hay. Now that the Farm Bill has passed and there is no payment limitation on cotton, industry sources speculate that cotton acres in California could increase by as much as 100,000 acres in 2003. There are also guesstimates by industry that possibly half of that acreage could be alfalfa hay going back into cotton. Will California alfalfa hay acres in 2003 be lower than 2002? One thing is for sure, the dynamics continue in the California alfalfa hay industry.

Farm Bill Update:

USDA ANNOUNCES 2002 FARM BILL MILK INCOME LOSS CONTRACT (MILC) PROGRAM

On August 12, 2002, the California Department of Food and Agriculture received specific details from the USDA Farm Services Agency (FSA) concerning the 2002 Farm Bill Dairy Payment Program and sent a special issue of the California Dairy Review to all California dairy producers containing information for important decisions that producers must make regarding the sign-up and receiving of payments. Included in this special edition were three tables prepared by CDFA to be used by producers as guidelines in selecting sign up options and address and phone information on all FSA County Offices in California.

Since we are now in the month of September, if you have not already visited your nearest FSA office and signed up for the Program, you may still do so, but you will automatically be signed-up to have eligible production, for the transition period Dec. 1, 2001-Sept. 30, 2002 session of the Program, start in December 2001 until the 2.4 million pound cap is reached. Program payments for the transition period December 1, 2001 through September 30, 2002, will begin October 2002 and be issued no later than 60 days after the production evidence for the applicable months has been received by the FSA office.

Important Decisions before September 30, 2002:

For the October 1, 2002 - September 30, 2003 fiscal year and following years through September 30, 2005, dairy producers will also have two choices for the payment determinations: 1) automatically begin counting eligible production at the beginning of the fiscal year, October 1, 2002, OR 2) choose a month for eligible production to begin - but again, **you must designate the month you want to participate by September 30 each year.** If you don't designate a particular start month to begin payments by this date, your eligible production will automatically be designated to start on the first day of October each year.

For specific information and answers to questions about the sign-up process and payment options, visit or contact your nearest FSA office. The USDA Notice LD-524 which contains the specific guidelines to the Program may be downloaded at: <http://fsa.usda.gov/public/notices/LD524.pdf>. The sign-up application (Form CCC-580) may be downloaded at <http://www.fsa.usda.gov/dafp/psd/>

FSA County Offices

Alpine, Inyo, Mono	(702) 782-3661
Butte	(530) 534-0112
Colusa	(530) 458-5131
Contra Costa, Alameda	(925) 672-4949
Fresno	(559) 276-7494
Glenn	(530) 934-4669
Humboldt, Del Norte	(707) 442-6058
Imperial	(760) 352-3531
Kern	(661) 861-4125
Kings	(559) 582-1071
Lassen, Plumas, Sierra	(530) 257-4127
Los Angeles, Orange, San Bernardino	(661) 942-9549
Madera	(559) 674-4628
Mendocino, Lake	(707) 468-9225
Merced, Mariposa	(209) 722-4119
Modoc	(530) 233-4391
Monterey, San Mateo, Santa Cruz	(831) 424-7377
Placer, Nevada, El Dorado	(530) 885-6505
Riverside, San Diego	(760) 347-3675
Sacramento, Amador	(916) 714-1104
San Benito, Santa Clara	(831) 637-4360
San Joaquin, Calaveras	(209) 946-6241
San Luis Obispo	(805) 434-0398
Santa Barbara, Ventura	(805) 928-9269
Shasta, Trinity	530) 246-5253
Siskiyou	(530) 842-6123
Solano, Napa	(707) 678-1931
Sonoma, Marin	(707) 664-8593
Stanislaus, Tuolumne	(209) 491-9320
Sutter, Yuba	(530) 671-0850
Tehama	(530) 527-3013
Tulare	(559) 734-8732
Yolo	(530) 662-3986

CDFA On Top of Illegal Cheese and Raw Milk Sales

A CDFA investigation into illegal cheese and raw milk sales has led to felony charges against a licensed dairyman from Madera for allegedly selling raw milk to an unlicensed source, which brings a maximum sentence of one-year in jail and a \$10,000 fine.

Illegally produced soft cheeses, sometimes called "bathtub cheese," are often made under unsanitary conditions that can encourage the growth of harmful bacteria such as salmonella and listeria, which can cause severe illness and even death. Infants, the elderly and those with compromised immune systems are most vulnerable to the bacteria. The illegally produced cheese is frequently made in bathtubs, as well as homemade wooden vats and rusted cheese

molds that are commonly stored in barns or garages lacking adequate pest control and sanitation. The use of unpasteurized milk compounds the risk. "Illegally produced soft cheeses pose a serious public health risk," said CDFA Secretary William (Bill) J. Lyons, Jr., "To protect the public and the industry, dairymen have a responsibility to keep raw milk out of the hands of unlicensed manufacturers."

As the demand for soft cheeses expands, CDFA reminds consumers that wholesome cheeses produced by licensed manufacturers are available in retail stores and authenticated by specific labeling requirements. Log onto www.cdfa.ca.gov/ahfss for specific label requirements and consumer education information.

The Relationship of Dairy Product Commodities in Storage and Milk Prices

Dairy product commodities held in storage affect milk prices. Consider the relationship of government and commercial holdings of dairy products and California's overbase price. The data indicate that when inventories are decreasing, the overbase price tends to be increasing. The reverse is also evident; when inventories are increasing, the overbase price tends to be decreasing.

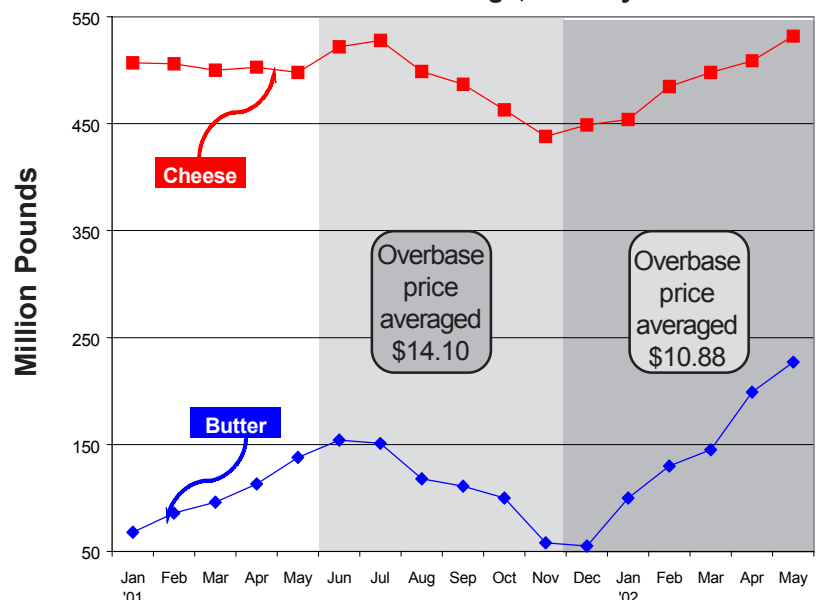
As reflected in the two graphs:

- From June to November 2001 (lighter-shaded region), the volume of butter, Cheddar cheese and NFDM decreased by 243 million lbs. (15%). During this period, the overbase price averaged \$14.10 per cwt. and ranged from \$11.97 to \$15.25 per cwt.
- From December 2001 to May 2002 (darker-shaded region), the volume of butter, Cheddar cheese and NFDM increased 479 million lbs. (34%). During this period, the overbase price averaged \$10.88 per cwt. and ranged from \$10.36 to \$11.48 per cwt.

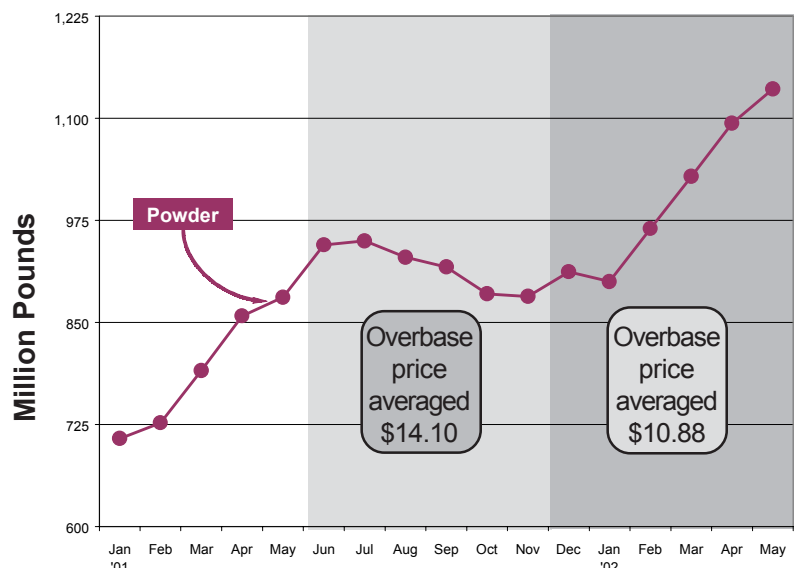
Compared to May 2001 levels, May 2002 storage of butter is up 65%, cheddar cheese is up 7%, and NFDM is up 29% - while the statewide overbase price is down 26%.

Sources: *Dairy Market News and California Dairy Information Bulletin*

Butter and Cheddar Cheese in Storage, January 2001 to Present



NFDM in Storage, January 2001 to Present



Department Decides to Wait To Consider Amending Formulas

On July 31, the Department received a petition for a public hearing submitted by California Dairy Women. The petition proposed to amend the Class 1, 4a and 4b milk pricing formulas to reference either the manufactured commodity prices (CME Price for butter and Cheddar cheese, and the California Weighted Average Price for nonfat dry milk) or the federal support purchase price, whichever is higher. After careful review of the petition and its proposals, the Department denied the petition on August 13.


In its letter to the petitioner, the Department stated that its highest priority regarding milk pricing is to complete its current cycle of manufacturing cost studies. After this cycle of studies is completed, the Department will conduct an update regarding the most current energy costs for processing plants. Based upon this complete set of cost data, the Department will consider whether a hearing on the pricing formulas is warranted. The updated data should be ready for review later this fall.

The Department also noted that a final decision from USDA is expected in the near future on its Class III and IV pricing formulas. Regarding proposed amendments to the Class 1 pricing formula, the Department prefers to consider a hearing this December when it reviews California Class 1 prices in comparison to those in neighboring states in accordance with Section 62062.1 of the Food and Agricultural Code.


The Department noted in its letter that the CME prices for butter and Cheddar cheese have rebounded somewhat and are above the Support Purchase Prices, thereby removing the sense of urgency noted in the petition. The Department suggested to the petitioner that they consider resubmitting their proposals later this fall.



Animal Diet Modification to Decrease the Potential for Nitrogen & Phosphorus Pollution

The Council for Agricultural Science and Technology (CAST) recently released a study that outlines the technologies and approaches livestock producers can employ to decrease the amounts of nitrogen and phosphorus that enter the environment. CAST is an international consortium of 37 scientific and professional societies that assemble, interpret and communicate science-based information regionally, nationally and internationally on food, fiber, agricultural, natural resource, and related societal and environmental issues. This study is a guide offering a way to balance an optimal diet for the animal while decreasing the impact on the environment by limiting excretions of nitrogen and phosphorus. Precision feeding of dairy cattle can reduce nitrogen excretion by 34 percent while improving milk production and can cut phosphorus 25-30 percent. The full text of the study (Issue Paper No. 21) can be downloaded on the CAST website at: www.cast-science.org. (see pages 7-10 specifically) 

Beef Council Fee - Continued from page 1

The current \$1.00 per head assessment fee for promotion and research will continue to meet beef producers' obligations to both the California Beef Council and the federal Nation Beef Checkoff. If you have questions regarding the referendum, please contact Dennis Manderfield of CDFA's Marketing Branch at 916-654-1245. For additional information regarding the activities of the California Beef Council, please contact Bruce Berven, Executive Director of the Council at 525-591-5715. 

Department Correspondence via Email

The Department is seeking ways to save time and money in mailing correspondence. If you would like to receive Department correspondence via email, in lieu of waiting for the U.S. Mail, please send an email to CDFA at dairy@cdfa.ca.gov and give your name, phone, fax, and email information - More information will be seen in future newsletters about this new system as it develops.

Milk Production Cost Index for California

Month	Del Norte / Humboldt		North Bay		North Valley		South Valley		Southern California		Statewide Weighted Average	
	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002
<i>Dollars per Hundredweight</i>												
January	14.68	15.39	13.66	14.17	12.60	12.97	12.09	12.90	13.04	13.10	12.5165	13.0110
February	14.68	15.39	13.66	14.17	12.60	12.97	12.09	12.90	13.04	13.10	12.5165	13.0110
March	12.66	13.18	13.10	14.11	12.39	12.50	12.00	12.49	13.20	12.98	12.3930	12.6245
April	12.66	13.18	13.10	14.11	12.39	12.50	12.00	12.49	13.20	12.98	12.3930	12.6245
May	11.43	11.59	13.15	13.36	12.66	12.50	12.39	12.94	13.57	13.05	12.7255	12.8019
June	11.43	11.59	13.15	13.36	12.66	12.50	12.39	12.94	13.57	13.05	12.7255	12.8019
July	11.75		13.50		12.75		12.95		13.91		13.0678	
August	11.75		13.50		12.75		12.95		13.91		13.0678	
September	12.89		13.57		13.04		12.99		14.19		13.2516	
October	12.89		13.57		13.04		12.99		14.19		13.2516	
November	14.23		14.09		12.86		12.69		13.45		12.9463	
December	14.23		14.09		12.86		12.69		13.45		12.9463	

HUNDREDWEIGHT POOL PRICE

Month	Quota	Overbase
April '01	\$14.65	\$12.95
May	\$15.70	\$14.00
June	\$16.46	\$14.76
July	\$16.35	\$14.65
August	\$16.70	\$15.00
September	\$16.95	\$15.25
October	\$14.71	\$13.01
November	\$13.67	\$11.97
December	\$12.93	\$11.23
January '02	\$13.18	\$11.48
February	\$12.53	\$10.83
March	\$12.37	\$10.67
April	\$12.41	\$10.71
May	\$12.06	\$10.36
June	\$11.60	\$ 9.90
July	\$11.28	\$ 9.58

Milk Mailbox Prices in Dollars per Hundredweight

	Nov.	Dec.	Jan. '02	Feb.	March	April	May
California ¹	\$12.96	\$12.33	\$12.48	\$11.73	\$11.46	\$11.37	\$10.98
USDA ²	\$14.25	\$13.21	\$13.34	\$12.91	\$12.39	\$12.16	\$11.83

¹ California mailbox price calculated by CDPR.

² All federal milk market order weighted average, as calculated by USDA.

Milk Mailbox Prices for May 2002

